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which abridge legitimate competition, like terrorism and loca underselling, should be prohibited and penalized. Subject to certain limitations, agreements to coöperate in the matter of selling may be authorized, especially in industries where legitimate competition tends to become excessive or cut-throat.

Most writers in treating business organizations have limited their field to certain industries or to particular phases of what is commonly known as the "trust problem." Such matters as the financing of corporations, the influence of combinations on prices, the question of the industrial efficiency of large consolidations, destructive or unfair competition, have all engaged the attention of numerous writers. An analysis of the forms of business organization and of the problems intrinsic in these forms themselves represents a departure from the usual method of treatment and is an important contribution to the study of the subject.

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Regulation of Public Service Companies in Great Britain. By ROBERT H. WHITTEN. (New York: State of New York Public Service Commission for the First District. 1914. Pp. 231.)

Mr. Whitten's report shows the same high grade of work as his book, *Valuation of Public Service Corporations* (*cf.* REVIEW, vol. III, p. 377). It is careful, exhaustive, and clear; and preserves throughout the evenly balanced judicial attitude which characterizes all of his work. Mr. Whitten makes some comment on the conservatism of the English people. While this conservatism no doubt still applies to such matters as he is dealing with, those who are following the trend of British legislation will probably have their doubts as to how long a conservative policy in the treatment of public utilities will last.

Chapter 1 of the report outlines the powers and practice of Parliament and the Board of Trade in dealing with public service corporations. The next two chapters give an account of the methods and limitations under which capital is procured and show the very interesting provisions under the British system for attempting to preserve competition of capital while at the same time avoiding the economic waste of competition by duplication of plant and ruinous rate wars. Chapter 3, Sales of Shares at

Public Auction, is especially worthy of study from this point of view. Chapter 4 discusses the methods in use for preventing the growth of "controlling interests" by regulated scale of voting. These provisions are not unknown in this country; some of our older railroads, but not the larger ones, provide in their charters for this practice. Chapters 5 and 6 show the careful manner in which accounting is supervised in Great Britain.

Chapters 7-12 are devoted to different plans in use in Great Britain for establishing dividends and rates. Probably the most interesting condition of utility regulation in Great Britain as compared with regulation in the United States is that the British system tends to regulate dividends and profits directly and rates indirectly through the dividends, while in the United States our public service commissions tend to regulate rates directly and dividends indirectly through rates. With the sliding scale as established for some British gas companies, if dividends go up rates must come down. This leaves a considerable field for the exercise of good management accruing to the benefit of the companies. Under the sliding scale system this incentive for good management is recognized and is a stable element in the regulation. In the United States where rates are regulated directly, but supposedly based upon a calculated rate of return, the incentive for good management remains only in the fact that the rates may not result in the rate of return attempted to be established and in the fact that rates are regulated only at intervals. It is evident that the American method is much less stable than that established in Great Britain.

In chapters 12 and 13 Mr. Whitten gives an account of the application of British methods in America as shown in the Boston sliding scale plan and in the Toronto auction sale and maximum dividend system. In chapter 14 he ably discusses the advantages of Direct Profit Regulation over Rate Regulation. Under the subheading, Disadvantages of Rate Regulation Method, can be found much food for serious thought. It should be remembered, however, that regulation of returns in this country, or in any other, cannot be fair until fair methods of valuation are established. At present we are in chaos as to theories and methods of establishing the capital entitled to returns, and are in a not much better state as to the determination of reasonable rates of return.

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